



**GOVERNMENT OF PUERTO RICO**

**LUIS G. FORTUÑO**  
**GOVERNOR**

August 24, 2012

Mrs. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

Re: Broadband Adoption Lifeline Pilot Program; *Lifeline and Link Up Reform and Modernization*, WC Docket 11-42

Dear Mrs. Dortch:

I write in support of the applications to participate in the Broadband Adoption Lifeline Pilot Program filed by T-Mobile Puerto Rico, LLC ("T-Mobile Puerto Rico"),<sup>1</sup> Puerto Rico Telephone Company, Inc. ("PRTC"),<sup>2</sup> and PR Wireless, Inc. d/b/a Open Mobile ("Open Mobile").<sup>3</sup>

As I have previously written, "[b]roadband is a key economic catalyst of our time. Investing in broadband infrastructure capacity and ensuring that all citizens have access and use this technology is a core strategy to ensure economic growth in these tough times. This is especially true in an island state, such as Puerto Rico, which is why closing the digital gap is a priority of my administration."<sup>4</sup> To that end, I created the Puerto Rico Broadband Task force in 2011, bringing together twelve key private and public stakeholders in the Puerto

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<sup>1</sup> <http://apps.fcc.gov/ecfs/document/view?id=7021982454>

<sup>2</sup> <http://apps.fcc.gov/ecfs/document/view?id=7021982447>

<sup>3</sup> <http://apps.fcc.gov/ecfs/document/view?id=7021982448>

<sup>4</sup> October 17, 2011 letter to Hon. Julius Genachowski, Commission Copps, Commissioner McDowell and Commissioner Clyburn regarding Reform of the Universal Service Fund, at 2.

Rico broadband community to ascertain the size and scope of the digital divide in Puerto Rico and to identify strategies to close it.

Their findings, discussed below, were sobering. The digital divide in Puerto Rico is real, immense, and troubling. It is affecting our community now, and will affect it in the future. Its impact will be felt throughout the Island, and will touch all aspects of life. If not changed, it will consign future generations to forever playing "catch up."

As the Puerto Rico Broadband Task force found, however, investment and education can overcome the low adoption and retention rates. The Commission's Pilot Program is a critical first step in that important direction. The three applications represent a meaningful opportunity for the Commission to begin reversing the current course.

"[T]he Commission created the Pilot Program to gather data to test how the Lifeline program could be structured to promote the adoption and retention of broadband services by low-income households."<sup>5</sup> In its April 30, 2012 Public Notice, the Bureau explained "[t]he Commission directed the Bureau to select a diverse array of projects testing broadband adoption in different geographic areas (e.g., rural, urban, Tribal lands) using different technologies (e.g., fixed, mobile) and testing different variations of broadband service and discount plans" to learn "which discount plans are most effective in prompting broadband adoption and retention."<sup>6</sup> It accordingly indicated that:

- "ETCs should submit a detailed description of the experimental design and other experimental protocols used suitable for a replication study, what variations on broadband service offerings will be tested (e.g., discount amount, duration of discount, speeds, usage limits, digital literacy training or any other factors impacting broadband adoption) and how the project(s) will randomize

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<sup>5</sup> *Wireline Competition Bureau Announces Application Procedures and Deadline for Applications to Participate in the Broadband Adoption Lifeline Pilot Program*, WC Docket 11-42, Public Notice DA 12-683 (rel. Apr. 30, 2012) (citing *Lifeline and Link Up Reform and Modernization*; *Lifeline and Link Up*; *Federal-State Joint Board on Universal Service*; *Advancing Broadband Availability Through Digital Literacy Training*, WC Docket 11-42, 03-109; CC Docket 96-45; WC Docket 12-23; Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 at ¶ 323 (rel. Feb. 6, 2012)).

<sup>6</sup> *Id.* at 3.

variations on broadband service offerings (e.g., geographic randomization)";<sup>7</sup>

- "the Bureau will give preference to projects that include partnerships with non-ETCs that already have existing adoption programs in place to provide digital literacy";<sup>8</sup>
- "[t]he Commission . . . directed the Bureau to consider when making selections the extent to which pilot programs test with appropriate control groups whether access to equipment can influence adoption";<sup>9</sup>
- "Applicants should indicate whether their proposed projects promote entrepreneurship and small business, including those businesses that may be socially and economically disadvantaged";<sup>10</sup>
- "the selection process will evaluate an applicant's ability to execute the proposal (in terms of funding and expert and third-party qualifications), and the value of the data to be collected in credibly addressing questions of interest."<sup>11</sup>

### Background

While there are undoubtedly many low-income areas that are deserving of a pilot program to support the adoption and retention of broadband services, Puerto Rico is at the top of any list. "Many in Puerto Rico still lack access to basic telephone and Internet services that the rest of the U.S. is able to take for granted."<sup>12</sup> A May 2012 Broadband Strategic Plan by the Puerto Rico

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<sup>7</sup> *Id.* at 2.

<sup>8</sup> *Id.* at 3 (citing *Lifeline Reform Order and FNPRM*, FCC 12-11 at ¶ 352).

<sup>9</sup> *Id.* at 3 (citing *Lifeline Reform Order and FNPRM*, FCC 12-11 at ¶¶ 348-49).

<sup>10</sup> *Id.* at 3 (citing *Lifeline Reform Order and FNPRM*, FCC 12-11 at ¶ 326).

<sup>11</sup> *Id.*

<sup>12</sup> *Federal-State Joint Board on Universal Service, High-Cost Universal Service Support*, CC Docket 96-45, WC Docket 05-337, Comments of Minority Media and Telecommunications Council (March 25, 2010).

Broadband Taskforce, which was formed, in part, to ascertain the size and scope of the digital divide in Puerto Rico, found that:

- approximately 14% of households in Puerto Rico, or approximately 176,000 households, remain unserved by any fixed broadband service (as compared with 5% in the United States);
- 43% of households lack access to broadband at speeds of 3 Mbps or greater;
- 68% of households lack access to broadband at speeds of 10 Mbps or greater.
- only 31% of Puerto Rico households subscribe to any kind of broadband, as compared with 68% in the United States.<sup>13</sup>

As the Broadband Task Force's Strategic Plan found, the real and significant broadband gap in Puerto Rico has adverse effects on all aspects of life on the Island, including, most importantly, education and healthcare.

This reality is caused, in part, by the economic situation in Puerto Rico. The Broadband Task Force's Strategic Plan found that approximately 42% of households in Puerto Rico have an annual income of less than \$15,000.<sup>14</sup> This manifests itself in low adoption rates.

On March 16, 2010, the Commission sent the National Broadband Plan to Congress. In an accompanying press release issued the same day, Chairman Genachowski stated "[t]he National Broadband Plan is a 21st century roadmap to spur economic growth and investment, create jobs, educate our children, protect our citizens, and engage in our democracy. It's an action plan, and action is necessary to meet the challenges of global competitiveness, and harness the power of broadband to help address so many vital national issues."<sup>15</sup> While these statements are undoubtedly correct, unfortunately, and regrettably, Puerto Rico is not participating in this future.

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<sup>13</sup> [http://www.prbroadband.org/wp-content/uploads/2012/05/executive\\_summary.pdf](http://www.prbroadband.org/wp-content/uploads/2012/05/executive_summary.pdf)

<sup>14</sup> [http://www.connectpr.org/sites/default/files/connected-nation/Puerto%20Rico/files/pr\\_bb\\_plan\\_final.pdf](http://www.connectpr.org/sites/default/files/connected-nation/Puerto%20Rico/files/pr_bb_plan_final.pdf) (Puerto Rico Strategic Plan) at 64.

<sup>15</sup> [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-296880A1.doc](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-296880A1.doc)



It was for this reason that, when the Commission issued an Order deciding not to adopt a specific funding mechanism for Puerto Rico, Commissioner Copps issued a separate statement in which he lamented "that the people of Puerto Rico must wait so long for infrastructure and service levels that the rest of the United States is already experiencing" and warned that the Commission's actions threatened to widen the digital divide:

[w]hile some areas of the country are seeing such [broadband] service now, or may see it in the near future, the record shows that there are areas in Puerto Rico that have no infrastructure. Not only is voice service not available, but there is no wireline foundation for broadband service either – putting the people of Puerto Rico that much further from getting the broadband service that we recognize as a necessity in the Digital Age.<sup>16</sup>

The Pilot Program represents another opportunity for the Commission to address this widening digital divide. As shown below, the applications by T-Mobile Puerto Rico, PRTC and Open Mobile amply satisfy the Bureau's criteria and demonstrate a real and serious effort to improve and measure broadband adoption in Puerto Rico.

The T-Mobile application, for example, indicated that its pilot project, which would be offered Island-wide,<sup>17</sup> would "specifically study the effectiveness of a \$20 monthly discount off of T-Mobile's standard mobile broadband rate plans to stimulate broadband adoption among low-income consumers."<sup>18</sup> T-Mobile

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<sup>16</sup> *In the Matter of High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Lifeline and Linkup*, WC Docket 05-337, CC Docket 96-45, WC Docket 03-109, April 16, 2010 Order and Notice of Proposed Rulemaking, Copps Concurring Statement, at 41.

<sup>17</sup> T-Mobile Puerto Rico, LLC Application to Participate in the Broadband Adoption Lifeline Pilot Program (dated July 2, 2012), at 9.

<sup>18</sup> *Id.* at 6-7. T-Mobile Puerto Rico explained that its "proposed broadband project will provide a \$20.00 per month subscriber discount off two broadband service offerings: (1) Broadband (data only) offering; and (2) Smartphone (voice and data) offering, *id.* at 11, and that, to satisfy the goals of the Lifeline Pilot Program, "[p]roject participants would be required to certify that they currently do not have broadband service in their household." *Id.* at 13.

promised to "evaluate the reasons for low-income consumers' lack of access to affordable broadband services" by:

1. "conduct[ing] a survey of at least 600 low-income consumers . . . that meet the requirements for participation in the Lifeline program" on issues including general demographics; broadband use; broadband knowledge; ownership; access to broadband; and price points for purchase and use of broadband;<sup>19</sup>
2. "implement[ing] a broadband outreach initiative, in conjunction with T-Mobile Puerto Rico's broadband digital literacy partner, and make available broadband Lifeline service to eligible low-income consumers" by incorporating the information from the survey;<sup>20</sup> and
3. "analyz[ing] the data from the outreach initiative and broadband project offering to determine the effectiveness of the outreach initiatives and the discounted broadband rate plans in increasing penetration within low-income households."<sup>21</sup>

T-Mobile Puerto Rico further explained that its pilot project would evaluate broadband usage among three distinct groups to determine the effectiveness of its outreach efforts.<sup>22</sup> It explained that it had partnered with "educational institution Sistema Universitario Ana G. Mendez<sup>23</sup> . . . [which would] work with T-Mobile Puerto Rico to implement a digital literacy campaign to maximize the use of mobile broadband service for low-income consumers with a focus on educational development."<sup>24</sup>

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<sup>19</sup> *Id.* at 7-8.

<sup>20</sup> *Id.* at 8-9

<sup>21</sup> *Id.* at 9.

<sup>22</sup> *Id.* at 13.

<sup>23</sup> According to T-Mobile Puerto Rico, Sistema Universitario Ana G. Mendez "encompasses three universities with 13 campuses across the Puerto Rico islands." *Id.* at 19.

<sup>24</sup> *Id.* at 18.

According to T-Mobile Puerto Rico, it had also "established an alliance with Centro Para Puerto Rico<sup>25</sup> to provide Mobile Broadband Connectivity for Technological Centers in Special Communities in the East Region of Puerto Rico," and that, "after the project in the East Region launches, T-Mobile Puerto Rico will measure the effectiveness through community involvement and usage to inform rollout of the project through other underprivileged communities throughout the rest of Puerto Rico."<sup>26</sup> It indicated that it expected to be able to answer "What is the most effective and cost efficient way to increase broadband penetration among the qualifying low socio-economic segment of Puerto Rico" by measuring the effectiveness of advertising, messaging, media placement, media mix, on boarding sales process, rate plan pricing and device pricing.<sup>27</sup>

Similarly, the PRTC application proposes offering to consumers several options, including "wireline and wireless offers . . . from an array of speed and data capacity choices. The project also accommodates the additional investment required by consumers to obtain computers."<sup>28</sup> PRTC's application explains that its "pilot project will focus on low-income consumers who do not currently subscribe to broadband service. Specifically, the broadband pilot project targets these customers through its: (1) pricing and products; (2) distribution and provisioning; and (3) promotion and advertising."<sup>29</sup> According to PRTC, its pilot program will offer consumers a wide array of products and plans, at different price points; at many direct and indirect retail locations; supported by a wide variety of advertising, marketing events and communications directed to its target audience.<sup>30</sup>

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<sup>25</sup> T-Mobile Puerto Rico explained that "Centro para Puerto Rico is a private, nonprofit, nonpartisan organization intended to carryout projects, programs and services that address issues of poverty, the role of women in society, urban revitalization, ethical values and social responsibility." *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> *Id.* at 21-24.

<sup>28</sup> Application of Puerto Rico Telephone Company, Inc. to Participate in the Broadband Adoption Lifeline Pilot Program (dated July 2, 2012), at 4.

<sup>29</sup> *Id.* at 7.

<sup>30</sup> *Id.* at 7-8.

PRTC's application promises that its broadband pilot project "will address barriers to broadband adoption (other than cost) by offering digital literacy training and discounts on hardware."<sup>31</sup> According to PRTC:

[a]t new activation points of sale, PRT will provide digital training on Internet basics and make available a training manual. Additionally, PRT, in alliance with its computer and hardware partners, will tour each of Puerto Rico's 78 municipalities. PRT will offer training sessions in its customer service locations on a weekly basis, and make available an Internet basics tutorial on its corporate website. PRT will also provide an education video.<sup>32</sup>

PRTC's application "recognizes that the primary goal of the Pilot Program is to collect data to identify effective approaches to increasing low-income consumer broadband adoption,"<sup>33</sup> and, to this end, explains that "PRT will partner with The Research Office Inc. to capture broadband pilot project data."<sup>34</sup>

While the T-Mobile Puerto Rico and PRTC applications are broadly directed to large segments of the Island population,<sup>35</sup> the Open Mobile application is

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<sup>31</sup> *Id.* at 9.

<sup>32</sup> *Id.* at 9-10. PRTC's application explains that its broadband pilot program will also address the "digital gap" in adults over 50 by providing this group of customers "basic Internet training." *Id.* at 10.

<sup>33</sup> *Id.* at 10 (citing *Wireline Competition Bureau Announces Application Procedures and Deadline for Applications to Participate in the Broadband Adoption Lifeline Pilot Program*, WC Docket 11-42, Public Notice DA 12-683 (rel. Apr. 30, 2012), at 2.

<sup>34</sup> *Id.* at 10. Appendix 3 to the PRTC Application explains the details of its data collection proposal.

<sup>35</sup> T-Mobile Puerto Rico, LLC Application to Participate in the Broadband Adoption Lifeline Pilot Program (dated July 2, 2012), at 9 ("T-Mobile Puerto Rico will offer its broadband pilot project throughout Puerto Rico"); Application of Puerto Rico Telephone Company, Inc. to Participate in the Broadband Adoption Lifeline Pilot Program (dated July 2, 2012), at 8 ("PRT estimates that the potential base of customer households for this program is between 216,000 and 460,000").



focused on “two low-income schools of the Municipality of San Juan” and an additional 1400 current Lifeline voice subscribers<sup>36</sup>

Open Mobile explains that it has “partnered with the Municipality of San Juan” and is “receiving full cooperation from the schools’ administration.”<sup>37</sup> It indicates that both schools – one elementary and the other a technical college – draw most of their population from low-income and qualifying households under the Lifeline program that largely do not subscribe to broadband at home.<sup>38</sup> According to Open Mobile, within weeks of receiving approval, it will, working together with school officials, hold informational seminars on the pilot program, which will enable it to begin gathering the demographic and test control data required by the Commission.<sup>39</sup> It explains that the schools will require digital literacy courses for study participants as well as digital courses developed in partnership with Connected Nation, a non-profit organization solely dedicated to the promotion and adoption of technology and broadband in the United States.<sup>40</sup> Finally, consistent with the overall goal of the Commission, Open Mobile indicates that it will gather and provide data on its pilot program.<sup>41</sup>

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The three proposals represent a serious and meaningful attempt by carriers in Puerto Rico to address, and hopefully reduce, the significant broadband adoption and retention gap in the Commonwealth. While the proposals differ in scope, they each respond to – and abundantly satisfy – the Commission’s criteria. As the Commission has expressly held that the pilot program must test broadband adoption in different areas, it should strongly consider and approve these proposals.

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<sup>36</sup> Open Mobile Application to Participate in the Broadband Adoption Lifeline Pilot Program, at 2, 3.

<sup>37</sup> *Id.*

<sup>38</sup> *Id.* at 2-3.

<sup>39</sup> *Id.* at 9-10.

<sup>40</sup> *Id.* at 11.

<sup>41</sup> *Id.* at 11-12.

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I look forward to continuing to work with the Commission on this important program. Please contact me with any questions.

Sincerely,



Luis G. Fortuño